


Government of the District of Columbia  
Office of the Chief Financial Officer



**Natwar M. Gandhi**  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Phil Mendelson  
Chairman, Council of the District of Columbia

**FROM:** Natwar M. Gandhi  
Chief Financial Officer 

**DATE:** May 30, 2013

**SUBJECT:** Fiscal Impact Statement – “Private Contractor and Subcontractor Prompt Payment Act of 2013”

**REFERENCE:** Bill 20-145 – Committee Print, shared with the Office of Revenue Analysis on May 28, 2013

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**Conclusion**

Funds are sufficient in the FY 2013 budget and the proposed FY 2014 through FY 2017 budget and financial plan to implement the bill.

**Background**

The bill provides legal prompt payment expectations for certain private contracts where the contract does not provide specific dates and times of payment, and establishes penalties for noncompliance:

1. The noncompliant party must pay interest of 1.5 percent per month or any part of a month to the contractor on any undisputed amount not paid on time to the contractor; and
2. If a contractor prevails in a civil action to collect interest penalties from a noncompliant party, the contractor must be awarded its costs and disbursements, including reasonable attorney’s fees, incurred in bringing the action.

The bill institutes similar prompt payment standards for payments from contractors to subcontractors.

**Financial Plan Impact**

Funds are sufficient in the FY 2013 budget and the proposed FY 2014 through FY 2017 budget and financial plan to implement the bill. The District will not incur any costs for implementing this bill, because any compliance activity will be handled, as it is currently, through the court system.